Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AGR-05 IGA-02 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 IO-11 L-03

H-02 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06

XMB-02 OPIC-03 LAB-04 SIL-01 DODE-00 PA-01 PRS-01

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P 131127Z JAN 76 FM AMEMBASSY COLOMBO TO SECSTATE WASHDC PRIORITY 4038

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E.O. 11652:N/A TAGS: EAID, ECON, EFIN, CE SUBJECT: PL 480 TITLE I

REF: COLOMBO 4007

1.DIRECTOR OF EXTERNAL RESOURCES, WHILE MEETING WITH FOOD COMMISSIONER, TELEPHONED AID REPRESENTATIVE 13 JANUARY URGENTLY ASKING ADVICE ON PL 480 TITLE I ALLOCATION FOR SRI LANKA, GSL NEEDS WHEAT FLOUR SHIPMENTS STARTING IN APRIL. TO MEET THIS REQUIREMENT, ORDERS SHOULD BE PLACED NOW, WHETHER PL 480 OR COMMERCIAL. DELAY IN ADVISING GSL OF PL 480 ALLOCATION WILL FORCE THEM TO NEGOTIATE COMMERCIAL PURCHASES NOW WHICH, WITHOUT KNOWLEDGE OF PL 480 EVAILABILITIES, COULD BE EXCESSIVE. AS GSL PREDICTS 1976 BALANCE OF PAYMENTS DEFICIT OF RS 450 MILLION (APPROXIMATELY US \$60 MILLION) AFTER ALL KNOWN SOURCES OF FOREIGN AID, INCLUDING 100,000 METRIC TONS PL 480 WHEAT FLOUR (140.000 TONS LIMITED OFFICIAL USE

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WHEAT EQUIVALENT), SUCH EXCESSIVE PURCHASES WOULD GIVE

OCCASION FOR OPPOSITION PARTIES' ACCUSATIONS OF GROSS MISMANAGEMENT. FURTHERMORE, GIVEN PL 480 SHIPPING DEADLINES WITHIN US FISCAL YEAR, DELAY IN ADVISING GSL OF ALLOCATION WILL RESULT IN BUNCHING UP OF PL 480 SHIPMENTS TOWARDS END OF US FY 1976 ALONG WITH COMMERCIAL PURCHASES. THIS WILL DUPLICATE MID-1975 PROBLEM OF TOO MUCH AT ONE TIME, STRAINING PORT, TRANSPORTATION AND STORAGE RESOURCES AND LAYING GSL AND USG OPEN TO LEFT-WING ATTACKS.

2. EXTERNAL RESOURCE DIRECTOR AND FOOD COMMISSIONER'S URGENT QUERY REINFORCES OUR CONVICTION THAT CONTINUED DELAY IN TITLE I NOTIFICATION TO GSL THREATENS TO NEGATE SIGNIFICANTLY ECONOMIC ASSISTANCE VALUE AND POLITICAL BENEFIT OF TITLE I PROGRAM, ESPECIALLY IF GSL FEELS OBLIGED TO MAKE LARGE COMMERCIAL PURCHASES NEXT FEW WEEKS. GSL BELIEVES IT MUST REPEAT MUST ASSURE FOUR AVAILABILITY THROUGH POLITICALLY SENSITIVE LATTER HALF 1976, PERIOD OF NON-ALIGNED SUMMIT CONFERENCE AND OF PREPARATION FOR 1977 NATIONAL ELECTIONS, GIVEN CONTINUED AVAILABILITY OF FRENCH FLOUR UNDER TWO YEAR CREDIT AND RECENT REPORTS OF BETTER AUSTRALIAN CROP. GSL CLEARLY IS CONSIDERING MAJOR COMMEECIAL PURCHASES SOON IF NO WORD COMES ON TITLE I NEXT SEVERAL DAYS. IT IS IN OUR INTEREST AS WELL AS GSL'S TO FEND OFF SUCH DECISION. THEREFORE, IF OFFICIAL AUTHORIZATION TO NOTIFY NOT POSSIBLE BY JANUARY 15 (REFTEL), CAN WE HAVE INSTRUCTION TO NOTIFY GSL INFORMALLY THAT 100,000 TONS TITLE I WHEAT FLOUR AUTHORIZATION WILL BE FORTHCOMING? IF WE CANNOT STATE AMOUNT, WE NEED TO KNOW EXTENT OF ASSURANCES WE CAN GIVE GSL. PLEASE ADVISE SOONEST. **PERKINS**

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Message Attributes

Automatic Decaptioning: X Capture Date: 01 JAN 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: WHEAT, PL 480 TITLE 1, FOOD ASSISTANCE

Control Number: n/a Copy: SINGLE Draft Date: 13 JAN 1976 Decaption Date: 01 JAN 1960 Decaption Note: Disposition Action: RELEASED Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976COL OMB00141

Document Number: 1976COLOMB00141
Document Source: CORE
Document Unique ID: 00

Drafter: n/a Enclosure: n/a Executive Order: N/A Errors: N/A Film Number: D760011-1245

From: COLOMBO Handling Restrictions: n/a

Image Path:

Legacy Key: link1976/newtext/t19760163/aaaacedc.tel Line Count: 95

Locator: TEXT ON-LINE, ON MICROFILM

Office: ACTION NEA Original Classification: LIMITED OFFICIAL USE

Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 2

Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE

Previous Handling Restrictions: n/a Reference: 76 COLOMBO 4007 Review Action: RELEASED, APPROVED Review Authority: GolinoFR

Review Comment: n/a Review Content Flags: Review Date: 18 JUN 2004

Review Event:

Review Exemptions: n/a
Review History: RELEASED <18 JUN 2004 by izenbei0>; APPROVED <21 JUN 2004 by GolinoFR>

Review Markings:

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MÁY 2006

Review Media Identifier: Review Referrals: n/a Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

Secure: OPEN Status: NATIVE Subject: PL 480 TITLE I TAGS: EAID, ECON, EFIN, CE To: STATE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006